

You then may make a written request to any such organization to obtain a copy of the information, the identity of persons to whom the information was disclosed, and the procedures for correction, amendment or deletion of such information. The information has to be provided to you free of charge.

### Notice of Higher Rate

Insurance companies must tell you if the rate level they offer you is higher than the lowest rate offered by the company or its group, if it is a member of a group of companies. You must be given written reasons if they charge you the higher rate.

### If You Are Unable to Obtain Insurance

If you were refused at least once for automobile insurance, you may be entitled to have a policy issued to you through South Carolina Associated Auto Insurers Plan (SCAIP). Any licensed insurance agent or broker may submit an application on your behalf.

An insurance policy issued through SCAIP shall provide at least the minimum coverage required by law. However, you will pay more than you would for insurance purchased from an insurance company.



It will be more important than ever for you to **SHOP AROUND** under the new system. You may save money simply by asking for quotes from several companies.

### Protection Against Discrimination

Even though insurance companies may refuse to issue or renew your automobile insurance based on their own criteria, certain reasons to do so are illegal.

No insurer may refuse to issue or renew an automobile insurance policy because of any one or more of the following factors: age; sex; location of residence in this State; race; color; creed; national origin; ancestry; marital status; income level. An insurance company may, however, legally consider sex and age in determining the amount of premium.

### Enforcement

The Department of Public Safety (DPS) will select a random sample of 500 registered vehicles each day and mail the owner a form to verify coverage which must be completed and returned to DPS within 15 days after receipt. If the owner fails to return the properly completed form, DPS will consider the vehicle uninsured and subject to certain penalties.

### Driving an Uninsured Automobile

At the time of registering at the Department of Public Safety (DPS), you may pay a fee of \$550 if you do not want to insure your automobile. \$50 goes toward reducing recoupment. \$50 is retained by DOI to enforce anti-discrimination laws, to publish a buyer's guide and to provide for a public awareness campaign. The remainder is to be used to reduce the cost of uninsured motorist coverage. This fee will be adjusted every year. The average premium for liability coverage in South Carolina is less than \$550.

If you select this option, you should know:

- The fee is paid to the State of South Carolina for the privilege of driving an uninsured vehicle. **IT IS NOT INSURANCE.** If you select this option, you will personally bear the risk of having to pay for any damages you may cause. You expose your future earnings and your assets to significant risk.
- This option may not be available to you if you have any major violations on your driving record for the previous three years or if any driver in your household has been licensed for less than three years.
- DPS may terminate this option upon receiving notice that you were convicted of any major traffic violations or that there is a driver in your household who has been licensed for less than three years.

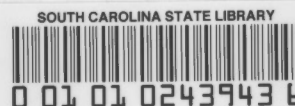


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SOUTH CAROLINA  
DEPARTMENT OF  
CONSUMER AFFAIRS

## SOME FACTS ABOUT INSURING YOUR AUTOMOBILE IN SOUTH CAROLINA



2801 DEVINE STREET  
POST OFFICE BOX 5757  
COLUMBIA, SC 29250-5757

1-800-922-1594  
(803) 734-9452

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September 1998

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## INTRODUCTION

In 1997, the General Assembly passed the most comprehensive automobile insurance reform since 1974. Most of the legislative changes will become effective on March 1, 1999 and will profoundly change the way automobile insurance is handled in South Carolina. The purpose of this brochure is to compare the new system with the old one, point out the most important changes and inform you of your rights and responsibilities under the new system.

### AUTOMOBILE INSURANCE LAW 1974-1999

The law regarding automobile insurance effective in South Carolina from 1974 until March 1, 1999, had the following basic features:

(1) Compulsory Liability Insurance: Every private passenger automobile must have been insured with minimum coverage of \$15,000 if bodily injury results to one person, \$30,000 if bodily injury results to more than one person, and \$10,000 for property damage.

(2) The Mandate to Write: The insurance company you selected was required to sell you a liability policy if you had a valid driver's license and paid the premiums for the policy.

(3) Equal Treatment for Equally Situated Individuals: Insurance Companies could not discriminate based upon subjective factors, such as race, religion, nationality, etc. Your premiums were based on (a) your individual classification using the twenty-two classifications established by the South Carolina Department of Insurance (such as there is no operator under 25 years of age and the automobile is not used for business nor driven to or from work or school); and (b) the county in which you reside.

(4) Reinsurance Facility/Recoupment Fee: Insurance Companies could place individuals they would not have written had they had a choice in the South Carolina Reinsurance Facility. Some agents

wrote directly to the Facility. The losses of those drivers which were not covered by the premiums those drivers paid were recouped from all the drivers in the State.

### AUTOMOBILE INSURANCE LAW EFFECTIVE MARCH 1, 1999

Act No. 154 of 1997 changes the features of the current system in the following major ways:

(1) Elimination of Compulsory Liability Insurance: Drivers may drive uninsured vehicles upon annual payment of \$550 Uninsured Motorist Fee, unless they have major violations on their record.

(2) Repeal of the Mandate to Write: Insurance companies do not have to write you if they do not want to write you. They are prohibited from refusing to write you, however, for certain reasons (such as, race, gender, religion, economic status, etc.)

(3) Greater Freedom in Underwriting: Insurance companies may establish their own classifications and territories, instead of using those established by the South Carolina Department of Insurance (DOI). In most states in the country, insurance companies use more than 200 classifications to classify drivers. For example, in some states 15 year olds are in their own age category. Until Act 154 passed, the Uniform Classification Plan developed by DOI included broad age groups, such as operators under the age of 21, operators 21 to 24 years old, operators over 55.

(4) Reinsurance Facility/Recoupment Fee Eliminated: Drivers who cannot purchase insurance from an insurance company can be insured by the South Carolina Associated Auto Insurers' Plan (SCAAIP), which will replace the Reinsurance Facility. It is anticipated the SCAAIP rates will be higher than any rate you would pay if you were able to purchase insurance through ordinary means. The drivers insured by SCAAIP will pay for their own losses. For some time, however, past losses of the Reinsurance Facility will continue to be recouped. After 2002, drivers with safe driver discounts will no

longer pay the recoupment fee. The drivers with insurance points will pay recoupment until the past losses of the Reinsurance Facility are recouped. It is expected that the recoupment charges will be high, so it will be even more important to develop good driving habits.

### Buying Automobile Insurance

Unless the South Carolina Department of Public Safety (DPS) allows you to pay the annual uninsured motorist fee, you will have to purchase insurance for your automobile. Described below are changes in the automobile insurance system which may be of interest to you:

- Your insurance company no longer has to renew your policy. It may instead offer you a policy written by an affiliated company at a higher premium, if it considers you a higher risk.
- If you decide to buy your insurance from a different insurer, your application may be denied.
- If you buy a policy from a new insurer, that insurer can cancel your policy without cause during the first ninety days.
- A safe driving record does not ensure you will be able to purchase insurance at the lowest rate available. For example, a company may consider you high risk if you were involved in several accidents during the previous three years, even though you did not cause the accidents and you made a claim under your medical payments coverage for your injuries.
- You must keep proof of insurance in your automobile, and display it upon demand to a police officer or anyone authorized by law. Failure to do so is a misdemeanor. You will then have to provide proof of insurance within 30 days or your driver's license will be suspended and you will have to provide proof of service every quarter for one year.

### Cancellation or Non-renewal

If your insurance company cancels or does not renew your policy, the cancellation or non-renewal is not effective unless the company gives you at least a 15-day written notice. If the notice is mailed to you, the 15-day period begins to run from the date of mailing, **not the day you receive it.**

The notice must:

- provide the **specific reason(s)** for cancellation or refusal to renew or, tell you that upon written request, it will provide the specific reason(s) in writing. This requirement does not apply if your policy is being cancelled or non-renewed because you did not pay the premiums or if you or any other driver who either resides in your household or customarily drives your automobile has had his driver's license suspended or revoked,
- inform you that you have the right to request a **review** of this decision **by the Director of the Department of Insurance**. If you want such review, you have to request it in writing within 15 days of the receipt of the notice. During the review by DOI, your policy must remain in full force and effect,
- inform you that other insurance may be available through your agent or insurance company, another insurance company or SCAAIP, and
- inform you that an automobile insurance guide is available from DOI.

In addition, you have the right to request:

- specific items of information about you that the insurance company used in its decision to cancel or non-renew your policy, and
- the names and addresses of organizations that supplied such information.